

HOUSE BILL No. 1411

DIGEST OF INTRODUCED BILL

Citations Affected: None (noncode).

Synopsis: Commission on tax reform. Establishes the commission on tax reform.

Effective: Upon passage.

Welch, Pierce

January 13, 2005, read first time and referred to Committee on Ways and Means.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1411

A BILL FOR AN ACT concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. [EFFECTIVE UPON PASSAGE] (a) **The general**
2 **assembly makes the following findings:**

3 (1) **Indiana's current tax system has evolved over the last two**
4 **(2) centuries and is in need of a comprehensive review.**

5 (2) **Some elements of the current tax system may no longer**
6 **function well as the economy changes.**

7 (3) **The general assembly should do all it can to make**
8 **Indiana's tax system equitable for all of the citizens of the**
9 **state.**

10 (b) **As used in this SECTION, "commission" refers to the**
11 **commission on tax reform established by this SECTION.**

12 (c) **There is established the commission on tax reform.**

13 (d) **The commission consists of the following eleven (11) voting**
14 **members:**

15 (1) **Four (4) individuals appointed by the speaker of the house**
16 **of representatives as follows:**

17 (A) **One (1) member who is a professor in the School of**
18 **Public and Environmental Affairs at Indiana University.**

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(B) One (1) member who is a professor of agricultural economics at Purdue University.

(C) One (1) member who holds a graduate degree in economics and is employed in the private sector.

(D) One (1) member who is a professor at a state supported university.

(2) An individual who is a former deputy state budget director and is appointed by the minority leader of the house of representatives.

(3) Four (4) individuals appointed by the president pro tempore of the senate as follows:

(A) One (1) member who is a professor of business economics at Indiana University.

(B) One (1) member who is a professor of economics at Ball State University.

(C) One (1) member who is a professor of agricultural economics at Purdue University.

(D) One (1) member who is a professor at a state supported university.

(4) An individual who holds a graduate degree in economics and is employed in the private sector and is appointed by the minority leader of the senate.

(5) An individual who holds a graduate degree in economics and is appointed by the governor.

A member serves at the pleasure of the appointing authority.

(e) The governor shall appoint the chairperson of the commission. The chairperson serves in that position at the pleasure of the governor.

(f) The commission shall undertake a comprehensive review and analysis of Indiana's state and local tax structure. The commission shall evaluate the tax system using the following criteria and shall address the following questions:

(1) Growth performance and elasticity: is our tax system designed to grow along with the Indiana economy?

(2) Reliability and volatility: are the revenues raised relatively stable over time, or are they excessively volatile and difficult to predict?

(3) Distributional effects and fairness: how are the taxes distributed among various types of taxpayers? Does the system treat similarly situated taxpayers similarly? Does the system account for taxpayers' different capacities to bear the burden of taxation?

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(4) Transparency and administrative simplicity: are the taxes easy and economical to collect and administer? To what extent does the system result in taxpayers being accountable for paying their taxes and tax agencies being accountable for enforcing the laws?

(5) Federal interaction: to what extent are state and local taxes deductible for federal purposes?

(6) Economic climate: what effects do the taxes have on Indiana's business climate and overall economic activity? To what extent does the system promote economic growth?

(7) Provision of adequate revenues: does the tax system result in sufficient, stable, and certainty of revenues?

(g) The legislative services agency shall provide:

(1) the legislative drafting, clerical, fiscal research, and administrative personnel; and

(2) other assistance;

that are necessary to enable the commission to properly perform its duties.

(h) The expenses of the commission shall be paid from funds appropriated to the legislative council.

(i) The commission shall operate under the legislative council's rules governing study committees. However, the commission shall meet as often as is necessary to properly perform its duties and shall issue a final report before November 2, 2005.

(j) The affirmative votes of a majority of the voting members appointed to the commission are required for the commission to take action on any measure, including final reports.

(k) This SECTION expires November 2, 2005.

SECTION 2. An emergency is declared for this act.

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